

OFFICE OF INTERNATIONAL CORPORATE FINANCE  
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Office of International Corporate Finance  
Division of Corporate Finance  
Securities and Exchange Commission  
450 Fifth Street  
Washington, D.C. 20549  
U.S.A.



January 24, 2003

SUPPL

Re: Investor AB – file no 82-34698

The enclosed information is being furnished pursuant to Rule 12g3-2(b).

Very truly yours,

*Gunilla Swardh*

Gunilla Swardh  
Compliance Officer

PROCESSED

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FINANCIAL

Enclosure

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## Year-End Report 2002

**Investor's net asset value** on December 31, 2002 amounted to SEK 62,869 m. (SEK 82 per share), compared with SEK 118,284 m. on December 31, 2001 (SEK 154 per share). In the fourth quarter, Investor's net asset value increased SEK 5,955 m.

**The value of Investor's total assets** amounted to SEK 79,103 m. on December 31, 2002, as against SEK 129,366 m. at year-end 2001. Net debt amounted to SEK 16,234 m. on December 31, 2002 (11,082 at year-end 2001), corresponding to 21 percent of total assets.

**The value of Investor's Core Holdings** declined SEK 48,968 m. during the year, of which Ericsson and AstraZeneca accounted for a substantial part, SEK 18,730 m. and SEK 16,221 m., respectively. In the fourth quarter, the value of Core Holdings increased SEK 7,323 m.

**Investor increased its holding** in ABB through the purchase of shares for SEK 1,122 m., and shares were sold in AstraZeneca for SEK 2,995 m., in the fourth quarter. Earlier in the year Investor increased its holdings in Ericsson, Electrolux, SEB and WM-data.

**The value of New Investments** decreased SEK 2,071 m. during the year, of which SEK 950 m. in the fourth quarter.

**The holding in Syngenta** was sold in its entirety during the year. Most of Investor's remaining holding in Volvo was also sold.

**Income of the Investor Group** after tax amounted to SEK 1,610 m. in 2002, compared with SEK 8,156 m. last year.

**The total return on Investor shares** was -52 percent in 2002, compared with -15 percent last year. In the fourth quarter, the total return was 15 percent (14).

**The proposed ordinary dividend** to shareholders is SEK 2.25 per share (3.00). An extraordinary dividend of SEK 1.15 per share (2.50) is also proposed.

### Investor's key figures

|                                | 12/31 2002 | 12/31 2001 |
|--------------------------------|------------|------------|
| Assets, SEK bn.                | 79         | 129        |
| Net debt, SEK bn.              | -16        | -11        |
| Net asset value, SEK bn.       | 63         | 118        |
| Net asset value per share, SEK | 82         | 154        |

| Development during the year/quarter | 2002 | 2001 | October-December 2002 | October-December 2001 |
|-------------------------------------|------|------|-----------------------|-----------------------|
| Change in net asset value, SEK bn.  | -55  | -26  | 6                     | 16                    |
| Change in net asset value, percent  | -47  | -18  | 10                    | 16                    |
| Income after tax, SEK bn.           | 2    | 8    | 2                     | 0                     |
| Total return, percent               | -52  | -15  | 15                    | 14                    |

The year-end report can also be accessed on the Internet at [www.investorab.com](http://www.investorab.com)

**Investor AB** is Sweden's largest listed industrial holding company. The company's business concept is to create shareholder value through long-term committed ownership and active investment activities. Investor is a leading shareholder in a number of public multinational companies, including AstraZeneca, Ericsson and SEB. Investor also conducts private equity activities in North America.

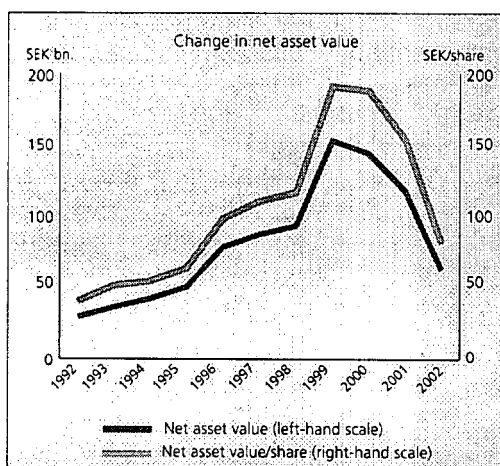
## Change in net asset value

On December 31, 2002, Investor's net asset value amounted to SEK 62,869 m. (118,284), corresponding to SEK 82 per share (154).

### Investor's net asset value

|                              | 12/31 2002 |               | 12/31 2001 |                |
|------------------------------|------------|---------------|------------|----------------|
|                              | SEK/share  | SEK m.        | SEK/share  | SEK m.         |
| Core Holdings                | 83         | 63 304        | 144        | 110 518        |
| New Investments              | 16         | 12 860        | 16         | 12 410         |
| Other Holdings               | 4          | 2 936         | 7          | 4 893          |
| Other Operations             | 2          | 1 480         | 3          | 2 063          |
| Other assets and liabilities | -2         | -1 477        | -1         | -518           |
| <b>Total assets</b>          | <b>103</b> | <b>79 103</b> | <b>169</b> | <b>129 366</b> |
| Net debt                     | -21        | -16 234       | -15        | -11 082        |
| <b>Total net asset value</b> | <b>82</b>  | <b>62 869</b> | <b>154</b> | <b>118 284</b> |

During the year Investor's net asset value decreased SEK 55,415 m. (-26,149) or -47 percent (-18). In the fourth quarter, the net asset value increased SEK 5,955 m. (16,266), or 10 percent (16).



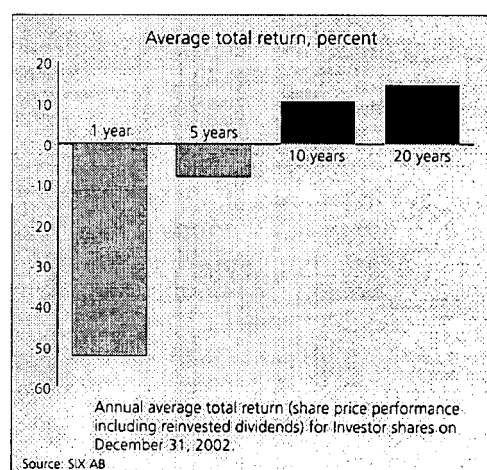
During the year Core Holdings changed the net asset value by SEK -47,379 m. (-19,907), New Investments by SEK -2,304 m. (-2,733), Other Holdings by SEK -238 m. (810) and Other Operations by SEK 371 m. (1,153). The corresponding figures for the fourth quarter were SEK 7,306 m., -1,033 m., 117 m. and 12 m. In addition, the net asset value was impacted by groupwide items totaling SEK -5,865 m. (-5,472), of which the dividend payment represented SEK -4,219 m. (-4,218).

See Appendix 1, page 15, for a detailed presentation of each business segment's effect on the change in net asset value.

## Investor shares

The total return<sup>1)</sup> on Investor shares was -52 percent during the year (-15). The total return was 15 percent in the fourth quarter (14).

The annual average total return on Investor shares has been 15 percent during the past 20-year period.



The discount to net asset value was 37 percent on December 31, 2002, compared with 26 percent at year-end 2001.

For more information: [share.investorab.com](http://share.investorab.com)

For more information: [nav.investorab.com](http://nav.investorab.com)

1) Total return is the sum of share price changes and reinvested dividends.

### Total assets by sector and business segment on December 31, 2002



| SEK m.                    | Healthcare    | Technology    | Engineering   | Financial Services | Other        | Total         |
|---------------------------|---------------|---------------|---------------|--------------------|--------------|---------------|
| Core Holdings             | 29 849        | 8 449         | 14 283        | 10 723             | -            | 63 304        |
| New Investments, listed   | 730           | 386           | 57            | -                  | -            | 1 173         |
| New Investments, unlisted | 1 622         | 5 749         | 1 002         | 59                 | 3 255        | 11 687        |
| Other                     | -             | 1 421         | 583           | -                  | 935          | 2 939         |
| <b>Total</b>              | <b>32 201</b> | <b>16 005</b> | <b>15 925</b> | <b>10 782</b>      | <b>4 190</b> | <b>79 103</b> |

### Core Holdings

In 2002, a total of SEK 4,749 m. (15,095) was invested in shares in core holdings, of which SEK 1,122 m. was in the fourth quarter. Shares were sold during the year, in the fourth quarter, for a total of SEK 2,995 m. (13,556).

In the fourth quarter, 62,316,851 shares were purchased in ABB for SEK 1,122 m. and 8,420,000 shares were sold in AstraZeneca for SEK 2,995 m.

In Ericsson's new rights issue, Investor subscribed for and was allocated 441,568,236 shares, of which 410,678,896 corresponded to its pro-rata allocation of subscription rights and 27,500,000 shares were based on acquired subscription rights. In addition, Investor was allocated 3,389,340 shares without the use of subscription rights. Shares were thus purchased in Ericsson for a total of SEK 1,773 m. In the third quarter, 50,000 A-shares in Electrolux were also purchased for SEK 9 m.

Purchases during the second quarter comprised 28,000,000 B-shares in Ericsson for SEK 599 m. In 2002, shares in Ericsson were purchased for a total of SEK 2,372 m. In the second quarter, 4,050,000 A-shares in SEB were acquired for SEK 384 m. In the second quarter, Investor also participated in ABB's convertible bond issue in an amount totaling approximately SEK 530 m.

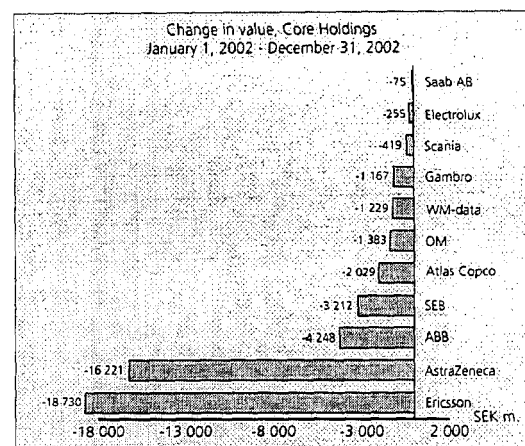
In the first quarter 15,000,000 A-shares were acquired in WM-data for SEK 308 m. and 250,000 A-shares in SEB for SEK 26 m.

The value of Investor's core holdings changed by SEK -48,968 m. during the year (-22,065), of which SEK +7,323 m. in the fourth quarter (+15,553).

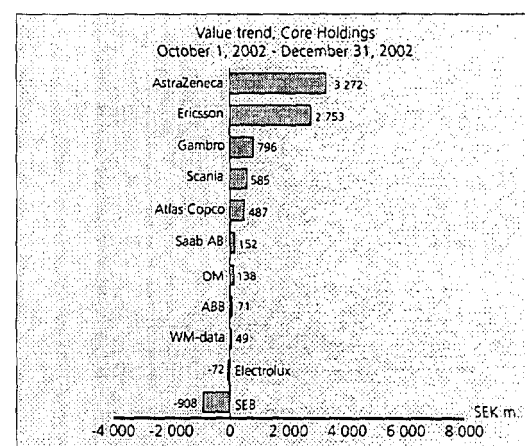
#### Development of Core Holdings

| SEK m.                           | 2002           | 2001           |
|----------------------------------|----------------|----------------|
| Realized results                 | 2 530          | 7 008          |
| Write-downs                      | -              | -              |
| Change in surplus value, etc.    | -51 498        | -29 073        |
| <b>Change in value</b>           | <b>-48 968</b> | <b>-22 065</b> |
| Dividends                        | 1 741          | 2 351          |
| Operating costs                  | -152           | -193           |
| <b>Effect on net asset value</b> | <b>-47 379</b> | <b>-19 907</b> |

The value of all core holdings developed negatively during the year. Ericsson and AstraZeneca accounted for SEK -18,730 m. and SEK -16,221 m., respectively, of the downturn.



In the fourth quarter, the value of core holdings increased SEK 7,323 m.



During the year SEK 1,741 m. in dividends were received from the core holdings, compared with SEK 2,351 m. in 2001. The decline was partly the consequence of changes in the composition of the portfolio, and partly the effect of lower dividends, or no dividends, from a few portfolio companies.

For more information: [ch.investorab.com](http://ch.investorab.com)

## Core Holdings on December 31, 2002

|                           | Number of<br>shares <sup>1)</sup><br>12/31 2002 | Market<br>value<br>SEK/share<br>12/31 2002 | Market<br>value<br>SEK m.<br>12/31 2002 | Share price<br>performance 2002 <sup>2)</sup><br>(%) | Share of<br>core<br>holdings<br>(%) | Share<br>of<br>capital <sup>3)</sup><br>(%) | Share<br>of<br>voting<br>rights <sup>3)</sup><br>(%) | Market<br>value<br>SEK/share<br>12/31 2001 | Market value<br>SEK m.<br>12/31 2001 |
|---------------------------|---|--|---|--|-------------------------------------|---|--|--|--------------------------------------|
| <b>Healthcare</b>         |   |  |   |  |                                     |   |  |  |                                      |
| AstraZeneca               | 86 665 810                                      | 35   | 26 520                                  | -36  | 42                                  | 5   | 5  | 60   | 45 736                               |
| Gambro                    | 68 638 225                                      | 4  | 3 329                                   | -27  | 5                                   | 20  | 26   | 6  | 4 496                                |
|                           |   | <b>39</b>                                  | <b>29 849</b>                           |  | <b>47</b>                           |   |  | <b>66</b>                                  | <b>50 232</b>                        |
| <b>Technology</b>         |   |  |   |  |                                     |   |  |  |                                      |
| Ericsson                  | 852 247 132                                     | 8  | 5 840                                   | -85  | 9                                   | 5   | 38   | 29   | 22 198                               |
| Saab AB                   | 21 611 925                                      | 3  | 2 075                                   | -4   | 3                                   | 20  | 36   | 3  | 2 150                                |
| WM-data                   | 70 302 500                                      | 1  | 534                                     | -71  | 1                                   | 18  | 31   | 2  | 1 455                                |
|                           |   | <b>12</b>                                  | <b>8 449</b>                            |  | <b>13</b>                           |   |  | <b>34</b>                                  | <b>25 803</b>                        |
| <b>Engineering</b>        |   |  |   |  |                                     |   |  |  |                                      |
| Atlas Copco               | 31 454 971                                      | 7  | 5 347                                   | -28  | 9                                   | 15  | 21   | 10   | 7 376                                |
| ABB <sup>4)</sup>         | 120 067 731                                     | 4  | 3 235                                   | -75  | 5                                   | 10  | 10   | 7  | 5 833                                |
| Scania                    | 18 170 073                                      | 4  | 3 020                                   | -12  | 5                                   | 9   | 15   | 4  | 3 439                                |
| Electrolux                | 19 663 190                                      | 3  | 2 681                                   | -12  | 4                                   | 6   | 24   | 4  | 2 927                                |
|                           |   | <b>18</b>                                  | <b>14 283</b>                           |  | <b>23</b>                           |   |  | <b>25</b>                                  | <b>19 575</b>                        |
| <b>Financial Services</b> |   |  |   |  |                                     |   |  |  |                                      |
| SEB                       | 139 672 295                                     | 13   | 10 126                                  | -24  | 16                                  | 20  | 21   | 17   | 12 928                               |
| OM                        | 14 350 507                                      | 1  | 597                                     | -70  | 1                                   | 17  | 17   | 2  | 1 980                                |
|                           |   | <b>14</b>                                  | <b>10 723</b>                           |  | <b>17</b>                           |   |  | <b>19</b>                                  | <b>14 908</b>                        |
| <b>Total</b>              |   | <b>83</b>                                  | <b>63 304</b>                           |  | <b>100</b>                          |   |  | <b>144</b>                                 | <b>110 518</b>                       |

<sup>1)</sup> Holdings, including any shares on loan.<sup>2)</sup> Most heavily traded class of share.<sup>3)</sup> After full dilution.<sup>4)</sup> Market value includes holding in ABB's convertible bonds.

## New Investments

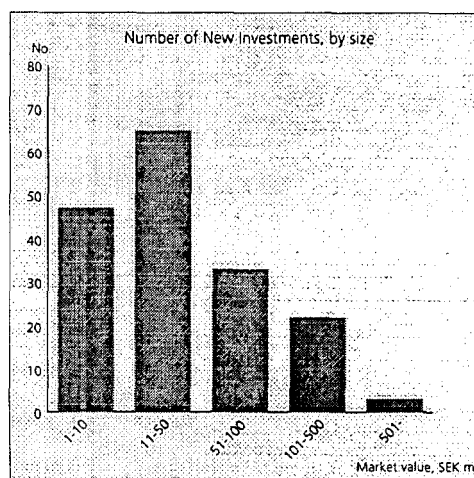
A total of SEK 4,364 m. was invested in 2002 (6,893), of which SEK 909 m. was in the fourth quarter (2,868). Holdings were sold for a total of SEK 1,926 m. (3,820), of which SEK 263 m. was in the fourth quarter (2,796). Divestments during the year generated capital gains of SEK 228 m. (447), of which SEK 95 m. was in the fourth quarter (373).

The value of New Investments decreased SEK 2,071 m. during the year (-2,474), of which SEK -950 m. was in the fourth quarter (+686).

## Development of New Investments

| SEK m.                           | 2002          | 2001          |
|----------------------------------|---------------|---------------|
| Realized results                 | 228           | 447           |
| Write-downs                      | -1 674        | -2 802        |
| Change in surplus value, etc.    | -625          | -119          |
| <b>Change in value</b>           | <b>-2 071</b> | <b>-2 474</b> |
| Dividends                        | 69            | 77            |
| Operating costs                  | -302          | -336          |
| <b>Effect on net asset value</b> | <b>-2 304</b> | <b>-2 733</b> |

Investor took write-downs in 2002 amounting to SEK -1,674 m. (-2,802), of which SEK -796 m. was in the fourth quarter (+123). As before, every decision concerning a write-down is based on a quarterly review of each holding. See "Valuation principles for New Investments" on page 11.



New Investments – 10 largest listed companies<sup>1)</sup>

| Company                       | Sector | Owner-ship (%) | Share price performance 2002 (%) | Market value <sup>2)</sup> (SEK m.) 12/31 2002 | Market value <sup>2)</sup> (SEK m.) 12/31 2001 |
|-------------------------------|--------|----------------|----------------------------------|--|--|
| Axcan                         | HC     | 6.9            | -18.0                            | 273  | 388  |
| Kyphon                        | HC     | 11.6           | -43.1 <sup>3)</sup>              | 241  | 182  |
| ASM Pacific                   | IT     | 4.3            | 0.0                              | 229  | 282  |
| Intuitive Surgical            | HC     | 6.9            | -38.6                            | 123  | 242  |
| ISTA Pharma                   | HC     | 25.7           | -17.1 <sup>4)</sup>              | 76   | -  |
| Amkor                         | IT     | 1.1            | -70.2                            | 68   | 152  |
| Lycos Europe                  | IT     | 4.9            | -50.0                            | 47   | 82   |
| Perfos                        | IT     | 1.4            | -48.4                            | 35   | 77   |
| United Pacific                | IT     | 13.4           | -43.9                            | 24   | 50   |
| Nilom                         | OTH    | 18.3           | 6.7                              | 23   | 21   |
| Other, listed                 |        | -              | -                                | 34   | 721  |
| <b>Total, listed</b>          |        | -              | -                                | <b>1 173</b>                                   | <b>2 197</b>                                   |
| <b>Unlisted</b>               |        | -              | -                                | <b>11 687</b>                                  | <b>10 213</b>                                  |
| <b>Total, New Investments</b> |        |                |                                  | <b>12 860</b>                                  | <b>12 410</b>                                  |

<sup>1)</sup> Purchases and sales were made in certain holdings during the year.

<sup>2)</sup> After a discount of 10 or 20 percent, depending on the liquidity of the company's shares. Market value includes any exchange rate effects.

<sup>3)</sup> Refers to share price development since the listing on May 17, 2002.

<sup>4)</sup> Refers to share price development since the acquisition of the holding on November 19, 2002.

During the period January 1, 1998 to December 31, 2002, the New Investments business reduced Investor's net asset value by SEK 338 m. The return on realized investments met the return requirement of 20 percent during this period.

## Investor Growth Capital

The year 2002, as in 2001, was weak for venture capital markets.

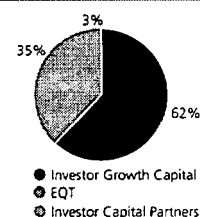
The availability of capital declined further and valuations continued to fall. Exit opportunities, such as IPOs and industrial sales, are still limited. Last year's dollar volume and number of venture capital transactions continued to return to the level that prevailed before 1998-2000. During the year Investor Growth Capital continued to be highly selective about making new investments.

In the fourth quarter, Investor Growth Capital made three new investments in Amic, Epigenesis and Wavics. Amic, based in Sweden, develops and manufactures microstructures in plastic materials for the biotech and telecom industries. Epigenesis, based in the U.S., has developed products that are in the clinical testing phase for the treatment of asthma and other respiratory ailments. Wavics, with operations primarily in Korea, is a fabless semiconductor company providing advanced power amplifier modules for the mobile wireless handset market. During the year, investments were also made in Atrica, Cameron Health, CHF Solutions, Collectricon, Exigen, Mahi Networks and ISTA Pharmaceuticals.

In addition to these new investments, follow-on investments were made in the fourth quarter in Amkor, Endovasix, NESS Display, Optillion, White Rock Networks and Songbird Hearing, among others. Earlier in the year follow-on investments were also made in Aplion Networks, B2, Melacure and Personal Chemistry, among others.

## Market value of New Investments on December 31, 2002

|   | 12/31 2002 |               | 12/31 2001 |               |
|---|------------|---------------|------------|---------------|
|   | SEK/share  | SEK m.        | SEK/share  | SEK m.        |
| Investor Growth Capital <sup>1)</sup>               | 10         | 7 942         | 10         | 8 121         |
| EQT   | 5          | 4 465         | 4          | 2 932         |
| Investor Capital Partners – Asia Fund <sup>1)</sup> | 1          | 453           | 2          | 1 357         |
| <b>Total</b>  | <b>16</b>  | <b>12 860</b> | <b>16</b>  | <b>12 410</b> |



<sup>1)</sup> As of the Interim Report January-September 2002, direct investments of the Investor Group in Asia are reported under Investor Growth Capital.

## New Investments' effect on the change in net asset value, 1998 – 2002

| SEK m.                             | 1998         | 1999         | 2000         | 2001          | 2002          | Total 1998 - 2002 |
|------------------------------------|--------------|--------------|--------------|---------------|---------------|-------------------|
| Realized results (incl. dividends) | 709          | 2 399        | 3 004        | 524           | 297           | 6 933             |
| Write-downs, net                   | -344         | 14           | -1 228       | -2 802        | -1 674        | -6 034            |
| Operating costs                    | -210         | -249         | -325         | -336          | -302          | -1 422            |
| <b>Result</b>                      | <b>155</b>   | <b>2 164</b> | <b>1 451</b> | <b>-2 614</b> | <b>-1 679</b> | <b>-523</b>       |
| Change in surplus value            | 1 162        | 722          | -955         | -119          | -625          | 185               |
| <b>Effect on net asset value</b>   | <b>1 317</b> | <b>2 886</b> | <b>496</b>   | <b>-2 733</b> | <b>-2 304</b> | <b>-338</b>       |

## Investor Growth Capital – new investments in 2002

| Company              | Sector | Business  |
|----------------------|--------|---|
| Atrica               | IT     | Optical Ethernet solutions for metropolitan core networks                             |
| Cameron Health       | HC     | Implantable electronic devices to treat cardiac disease                               |
| CHF Solutions        | HC     | Products reducing excess fluids in the body that result from congestive heart failure |
| Collectricon         | HC     | Advanced chip-based technologies for the discovery of drugs                           |
| Epigenesis           | HC     | Products in the clinical testing phase to treat asthma and other respiratory ailments |
| Exigen               | IT     | Business process solutions for global enterprises                                     |
| Mahi Networks        | IT     | Intelligent optical networking solutions for metropolitan core networks               |
| ISTA Pharmaceuticals | HC     | Proprietary products to treat serious diseases and conditions of the eye              |
| Wavics               | IT     | Power amplifier modules for the mobile wireless handset market                        |
| Amic                 | HC     | Microstructures in plastic materials for the biotech and telecom industries           |

In the fourth quarter, Investor sold part of its holding in Esperion Therapeutics and its entire holding in Medtronic. In the fourth quarter, Mobila Gymnasiet was sold to Kunskapsskolan and Guru was sold to Unicru. Earlier in the year Investor divested its entire holding in Lerado and remaining position in Sylvan Learning Systems, among others. A few fund-related holdings were also divested during 2002. Kyphon was listed on the Nasdaq exchange in the second quarter.

b-business partners, which handles new European IT investments on behalf of Investor Growth Capital, made three new investments, four follow-on investments and three divestments during 2002. b-business partners has capital commitments totaling EUR 728 m., of which Investor's commitment amounts to EUR 563 m. To date, Investor has provided EUR 207 m. in capital to b-business partners, which has so far made investments totaling EUR 91 m.

For more information: [igc.investorab.com](http://igc.investorab.com)

## EQT

In the fourth quarter, EQT Finland acquired the Bewator security company, one of the leading European suppliers of products and systems for access control. EQT owns 70 percent of the new group and the former majority owners have retained the remaining 30 percent.

In the third quarter, EQT Northern Europe purchased Haarmann & Reimer from Bayer. EQT also acquired Dragoco, a competitor to Haarmann & Reimer. The two are being merged into a new company, under a new name.

In the second quarter, EQT Northern Europe acquired the Finnish technology companies VTI Hamlin and Finn-Power.

In the second quarter the kitchen-furniture manufacturer Ballingslöv was listed on the Stockholm Stock Exchange.

For more information: [www.eqt.se](http://www.eqt.se)

## Investor Capital Partners – Asia Fund

In the fourth quarter, Investor Capital Partners – Asia Fund made a new investment in Cosmetic Group, a leading pan-Asian company that operates 100 centers in ten countries for weight reduction, hair care, skin care and body hair removal.

During the second quarter the holding in imGO was sold for about SEK 820 m. The transaction generated a capital gain of approximately SEK 70 m.

In the first quarter, Investor Capital Partners – Asia Fund made an investment and became the major shareholder in a leading contract manufacturer of vacuum cleaners in East China.

For more information: [icp.investorab.com](http://icp.investorab.com)

## EQT's funds on December 31, 2002

| SEK m.                       | Total capital commitment | Investor's share of capital commitment | Investor's share of invested capital <sup>1)</sup> | Market value of Investor's remaining holdings | Major holdings   |
|------------------------------|--------------------------|--|--|---|--|
| Scandinavia I                | 3 260                    | 470                                    | 411  | 216   | Duni (40%), FlexLink, Stenqvist, TAC (62%)   |
| Scandinavia II <sup>2)</sup> | 6 193                    | 928                                    | 784  | 762   | Dahl, Thule, HemoCue, Findus, Salcomp, TAC (38%)   |
| Denmark                      | 1 255                    | 221                                    | 143  | 112   | Context, Nordic Info Group, Nederman   |
| Finland                      | 1 265                    | 321                                    | 92   | 72  | ADR Haanpää, Bewator   |
| Northern Europe              | 18 339                   | 5 823                                  | 3 695  | 3 303   | Dometic, Duni (60%), Plantasjen, Leybold Optics, Haarmann & Reimer Dragoco, Finn-Power, VTI Hamlin |
| <b>Total<sup>3)</sup></b>    | <b>30 312</b>            | <b>7 763</b>                           | <b>5 125</b>                                       | <b>4 465</b>                                  |  |

<sup>1)</sup> Also includes capital invested in holdings that have already been sold.

<sup>2)</sup> The commitment includes SEK 457 m. in funds added in 2001.

<sup>3)</sup> The following rates were used to translate to SEK: DKK=1.2344 (EQT Denmark) EUR= 9.1695 (EQT Finland & EQT Northern Europe).

**Investor Growth Capital** is wholly owned by Investor and focuses on direct investments in high-growth companies in an expansion phase. The focus is on European, U.S. and Asian companies in the information technology and healthcare sectors. Investor Growth Capital has offices in Stockholm, New York, Palo Alto, Hong Kong and Amsterdam. Investor Growth Capital has committed capital totaling USD 1.8 bn. Investments in European technology companies are concentrated within b-business partners.

**EQT** takes control positions in medium-sized companies that are normally unlisted and have high return potential through various forms of restructuring. EQT is operated in the form of a number of LBO<sup>1)</sup> funds with capital from Investor and external investors. Investor is the principal owner of the investment adviser EQT Partners AB. EQT's funds have total commitments of approximately SEK 30 bn., of which Investor's commitments total about SEK 8 bn.

**Investor Capital Partners – Asia Fund** is a private equity fund with a focus on buyouts in Asia, excluding Japan. The investment adviser is Investor's wholly owned subsidiary Investor Asia Limited. Investor Capital Partners – Asia Fund has committed capital totaling USD 322 m., of which Investor's commitments total USD 200 m. Investor's remaining capital commitment in the Asia Fund totals USD 100 m.

<sup>1)</sup> Leveraged buyout

## Other Holdings

A total of SEK 1,690 m. was invested during the year (697). Holdings were sold in 2002 for SEK 3,273 m. (5,869). Investor's Other Holdings affected the change in value by SEK -379 m. during the year (+649), of which SEK 119 m. in the fourth quarter (812).

### Other Holdings

|                              | 12/31 2002 |              | 12/31 2001 |              |
|------------------------------|------------|--------------|------------|--------------|
|                              | SEK/share  | SEK m.       | SEK/share  | SEK m.       |
| Hi3G                         | 2          | 1 421        | 1          | 358          |
| Volvo                        | 0          | 157          | 3          | 2 460        |
| Syngenta                     | -          | -            | 2          | 1 240        |
| Other                        | 2          | 1 358        | 1          | 835          |
| <b>Total, Other Holdings</b> | <b>4</b>   | <b>2 936</b> | <b>7</b>   | <b>4 893</b> |

### Hi3G

Hi3G, which will market its services under the name "3", is working intensively on building out its UMTS network and on defining and developing its customer offerings. In Sweden, it is estimated that the first services will be launched on a small scale during the first half of 2003. On a step-by-step

basis, offerings for customers will be broadened in terms of services, functionality and geographic coverage. Services for both enterprises and consumers will include high-quality mobile voice and person-to-person video communications, multimedia messaging, including text, picture and video messaging, e-mail, e-banking and video-based news and entertainment.

Orange announced in the fourth quarter that it intends to withdraw from the Swedish market. Orange's withdrawal affects the joint venture company for network infrastructure, 3GIS (of which Vodafone is also a partner), and future competition in the market.

As reported earlier, the estimated peak financing need amounts to approximately USD 2.3 bn. for Hi3G's businesses in Sweden and Denmark, of which Investor has committed itself to ensure that 40 percent is financed in accordance with its ownership stake.

The owners and the company are continuously reviewing the business to further improve cost efficiency. Investor currently estimates that its capital contribution to Hi3G, in the form of a shareholder's contribution, will total between SEK 4 bn. and SEK 5 bn., including the SEK 1,448 m. that has been provided to date.



In addition to the previously mentioned capital contribution of SEK 1,448 m., there is a loan to Hi3G in the amount of SEK 124 m. related to the UMTS license in Denmark. In the fourth quarter, Investor supplied SEK 460 m. in the form of a shareholder's contribution to the company. The remaining capital is expected to be provided to Hi3G over the next five-year period.

After the close of the year, Investor reached an agreement for a SEK 3 bn. bank facility for Investor's share of Hi3G's loan financing. As reported earlier, the intention is to finance Hi3G over time with shareholders' equity and external project financing on an approximately 50-50 basis.

For more information: [www.tre.se](http://www.tre.se)

### Volvo

During the year 12,864,480 shares in Volvo were sold for SEK 2,016 m., of which 9,559,780 shares were sold for SEK 1,377 m. in the fourth quarter. Investor's remaining holding in Volvo totaled 1,155,240 A-shares on December 31, 2002.

### Other

During the year SEK 600 m. was invested in RAM One, a newly started hedge fund. The item "Other" includes, among other investments, the holding in RAM One, the holding in Fiskars, and funds managed by Lancelot.

## Other Operations

### Other Operations

|                                | 12/31 2002 |              | 12/31 2001 |              |
|--------------------------------|------------|--------------|------------|--------------|
|                                | SEK/share  | SEK m.       | SEK/share  | SEK m.       |
| The Grand Group                | 1          | 1 075        | 1          | 1 075        |
| Land and real estate           | 1          | 350          | 1          | 350          |
| Active portfolio management    | 0          | 26           | 1          | 599          |
| Other                          | 0          | 29           | 0          | 39           |
| <b>Total, Other Operations</b> | <b>2</b>   | <b>1 480</b> | <b>3</b>   | <b>2 063</b> |

### Active portfolio management

Investor's active portfolio management activities generated income totaling SEK 349 m. in 2002 (955). The active portfolio management activities were reduced in scope during the year in connection with the previously announced restructuring of the unit.

### The Grand Group

The result after net financial items for the Grand Group was SEK -14 m. in 2002 (+17). During the year SEK 47 m. was expensed for renovation work at the Grand Hôtel in Stockholm. The Group's capital structure was changed in 2001, which

increased interest expenses by SEK 8 m. in 2002. Results were also affected by a generally weak economy.

For more information: [www.grandhotel.se](http://www.grandhotel.se)

## Consolidated results

Income after financial items amounted to SEK 1,925 m. in 2002 (8,646). The amount includes realized results and write-downs in holdings totaling SEK 1,283 m. (7,178). Income after financial items totaled SEK 1,667 m. in the fourth quarter (515).

Operating costs declined during the year from SEK 740 m. to SEK 624 m. The decrease was attributable, among other things, to the effects of about 40 employees leaving the company in 2002.

Net income for the year (after tax) was SEK 1,610 m. (8,156). Net income for the year includes a capital gain of SEK 2,530 m. on the sale of shares in AstraZeneca.

For the tax assessment years 2001 and 2002, Investor AB was not granted permission to deduct all paid foreign taxes (tax on dividends) and was charged with tax totaling SEK 101 m. Investor appealed this taxation and was granted an extension of time for payment. Therefore, the tax charge has not yet been expensed.

A more detailed description of operations is provided as a table in Appendix 1 on page 15.

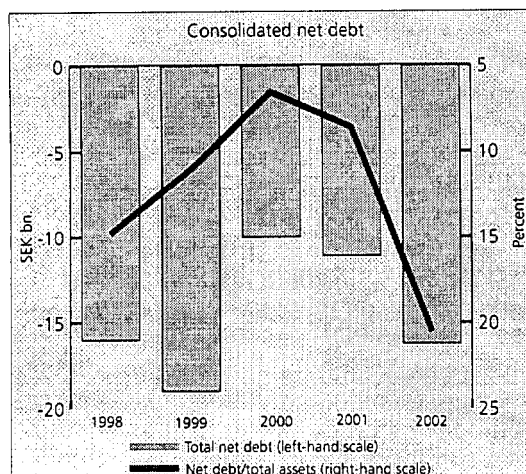
## Consolidated net debt

Consolidated net debt at year-end was SEK 16,234 m., as against SEK 11,082 m. at year-end 2001. Investor's net debt thereby amounted to 21 percent of total assets, compared with 9 percent at year-end 2001.

In fiscal 2002, dividends totaling SEK 4,219 m. were paid to Investor's shareholders (4,218).

In the first quarter, Investor issued a bond loan amounting to EUR 500 m. The loan was raised primarily for refinancing purposes and has a maturity of ten years. The average term for Investor's debt portfolio was thereby extended from 3.6 years on December 31, 2001, to 4.0 years at year-end 2002.

On November 14, 2002, the rating agency Moody's announced that it had downgraded Investor from A2 till Baa1 (stable outlook). On October 3, 2002, Standard & Poor's Ratings Services announced that Investor's rating remained unchanged at AA- (stable outlook).



## Share capital

Investor's share capital on December 31, 2002 amounted to SEK 4,795 m. (4,795 m. on December 31, 2001).

### Structure of share capital

| Class of share | Number of shares | Number of votes | % of capital | % of votes |
|----------------|------------------|-----------------|--------------|------------|
| A 1 vote       | 311 690 844      | 311 690 844     | 40.6         | 87.2       |
| B 1/10 vote    | 455 484 186      | 45 548 418      | 59.4         | 12.8       |
| Total          | 767 175 030      | 357 239 262     | 100.0        | 100.0      |

## Parent Company Investor AB

Income after financial items was SEK 2,154 m. in 2002 (10,053). During the year net share sales amounted to SEK 2,392 m.

### Proposed dividend

The Board of Directors and the President propose a dividend to shareholders of SEK 2.25 (3.00) per share for fiscal 2002. An extraordinary dividend of SEK 1.15 per share (2.50) is also proposed.

Investor's dividend policy is to distribute a large portion of the dividends it receives in the form of an ordinary dividend to shareholders. This dividend should develop steadily over time. In addition to the ordinary dividend, extraordinary dividends can be paid, depending on the current tax situation. During the year the standard income rate was reduced, which comprises the basis for taxing holding companies, from 2 percent to 1.5 percent of the market value of shareholdings at the beginning of the year.

In a report dated December 19, 2002 that is being circulated for review by the Swedish government's Council of Legislation, it is proposed, among other things, that taxation of capital gains on shares of businesses, owned by limited companies, should

be discontinued and that the regulations should be changed for calculating the standard income rate of industrial holding companies. Among other things, Investor AB's standard income rate would be reduced considerably as a result. The proposed government bill will be submitted to the Swedish parliament in the spring of 2003. The new regulations for industrial holding companies might therefore be applied as of the 2004 fiscal year.

## Repurchase of own shares

As in the past three years, the Board of Directors has decided to propose to the Annual General Meeting that it should extend the authorization of the board to decide on the repurchase of the company's shares. Under such mandate, the board would be given the opportunity until the next Annual General Meeting – provided they deem this appropriate – to decide on the repurchase of the company's shares. In accordance with current legislation, these repurchases can amount up to 10 percent of the total shares outstanding in Investor. Such purchases may be effected over the stock exchange or through offerings to shareholders. It is also proposed that the board's mandate include the possibility to transfer repurchased shares.

To date, Investor has not utilized the possibility to buy back its own shares.

## Other

### Annual General Meeting

The Annual General Meeting of Investor AB will be held at 3:00 p.m. on Wednesday, April 23, 2003, at Stockholmsmässan (Stockholm International Fairs), Älvsjö. Investor's audited Annual Report will be made available at the company's headquarters at Arsenalsgatan 8c in Stockholm as of April 9, 2003.

### Accounting principles

When preparing this year-end report, the same accounting principles have been applied as those used in the preparation of the latest annual report. The year-end report has been prepared in accordance with Recommendation 20 of the Swedish Financial Accounting Standards Council. It should be noted, however, that the net asset value per share is stated instead of income per share, since it reflects the development of Investor as an industrial holding company in a more relevant way.

Holdings in associated companies are reported in accordance with the acquisition value method. The consolidated accounts in accordance with the equity method (income statement, balance sheet and specification of equity) will be made available on Investor's website as of February 28, 2003.

As noted in the latest Annual Report, Investor hedges its seven-year employee stock option programs only against increases in the company's share price. The decrease in Investor's share price below the average hedge price is reported on an ongoing basis as an adjustment item under shareholders' equity. To the extent that Investor's share price is lower than the hedge price, any possible negative effects on cash flow would not arise until after the seven-year term of the option programs.

#### **Valuation principles for New Investments**

The valuation of listed holdings is based on the share price of each company on the last business day of the reporting period, less 10 or 20 percent, depending on the liquidity of the company's shares and any limitations to the disposal rights to the company's shares.

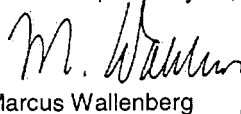
For unlisted holdings, Investor uses a valuation method in which the holdings are valued at acquisition cost, less any write-downs. The valuation, and if relevant, any need for write-downs, is determined quarterly on the basis of the market's development and the performance of each company in relation to its plan and budget.

Unlisted holdings in funds are valued on the basis of the underlying value of their holdings at the lower of acquisition cost and fund manager's valuation. Listed holdings are valued as described above. For funds in which Investor has a holding of less than 10 percent, or is inactive in the fund's activities, the main rule is that Investor uses the valuation that the fund manager makes of all holdings in the fund. However, the fund is never valued higher than Investor's acquisition cost. If Investor's evaluation is that the fund manager's valuation has not given sufficient consideration to factors that can negatively affect the holdings, the value may be written down.

#### **Financial calendar 2003**

|            |                                   |
|------------|-----------------------------------|
| April 23   | Annual General Meeting            |
| April 23   | Interim Report, January-March     |
| July 10    | Interim Report, January-June      |
| October 13 | Interim Report, January-September |

Stockholm, January 24, 2003



Marcus Wallenberg

President and Chief Executive Officer

#### **For information:**

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This year-end report has not been subject to specific review by the Company's auditors.

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## INVESTOR GROUP

## CONSOLIDATED INCOME STATEMENT

*Acquisition value method*

| SEK m.   | 2002<br>1/1-12/31 | 2001<br>1/1-12/31 | 2002<br>10/1-12/31 | 2001<br>10/1-12/31 |
|--|-------------------|-------------------|--------------------|--------------------|
| Dividends  | 1 741             | 2 351             | 26                 | -                  |
| Capital gains, net   | 2 530             | 7 008             | 2 530              | -                  |
| Operating costs  | -152              | -193              | -43                | -47                |
| <b>Net income - Core Holdings</b>                          | <b>4 119</b>      | <b>9 166</b>      | <b>2 513</b>       | <b>-47</b>         |
| Dividends  | 218               | 246               | 5                  | 3                  |
| Capital gains, net   | -1 552            | -672              | -484               | 1 203              |
| Operating costs  | -310              | -344              | -90                | -105               |
| <b>Net income - New Investments and<br/>Other Holdings</b> | <b>-1 644</b>     | <b>-770</b>       | <b>-569</b>        | <b>1 101</b>       |
| Net income, active portfolio management                    | 349               | 955               | -6                 | -212               |
| Net sales  | 630               | 597               | 155                | 124                |
| Cost of goods and services sold                            | -622              | -519              | -148               | -198               |
| Operating costs  | -111              | -119              | -25                | -17                |
| <b>Net income - Other Operations</b>                       | <b>246</b>        | <b>914</b>        | <b>-24</b>         | <b>-303</b>        |
| Groupwide operating costs                                  | -51               | -84               | -16                | -24                |
| <b>Operating income</b>                                    | <b>2 670</b>      | <b>9 226</b>      | <b>1 904</b>       | <b>727</b>         |
| Net financial items  | -745              | -580              | -237               | -212               |
| <b>Income after financial items</b>                        | <b>1 925</b>      | <b>8 646</b>      | <b>1 667</b>       | <b>515</b>         |
| Actual tax   | -254              | -264              | -113               | 73                 |
| Deferred tax   | -52               | -212              | -85                | -102               |
| Minority interest  | -9                | -14               | -5                 | -3                 |
| <b>Net income for the period</b>                           | <b>1 610</b>      | <b>8 156</b>      | <b>1 464</b>       | <b>483</b>         |

## INVESTOR GROUP

## CONSOLIDATED BALANCE SHEET

*Acquisition value method*

| SEK m.  | 2002<br>12/31  | 2001<br>12/31  |
|---|----------------|----------------|
| <b>Assets</b>                                     |                |                |
| Equipment and real estate, etc.                   | 1 422          | 1 490          |
| Shares and participations                         | 66 312         | 65 482         |
| Receivables                                       | 1 217          | 1 851          |
| Cash and short-term investments                   | 5 361          | 4 345          |
| <b>Total assets</b>                               | <b>74 312</b>  | <b>73 168</b>  |
| <b>Shareholders' equity and liabilities</b>       |                |                |
| Shareholders' equity                              | 49 345         | 52 986         |
| Provision for pensions                            | 194            | 196            |
| Loans   | 21 525         | 14 257         |
| Other liabilities and provisions                  | 3 248          | 5 729          |
| <b>Total shareholders' equity and liabilities</b> | <b>74 312</b>  | <b>73 168</b>  |
| <b>Net debt</b>                                   |                |                |
| Cash and short-term investments <sup>1)</sup>     | 5 361          | 3 371          |
| Long term receivables                             | 124            | -              |
| Loans   | -21 525        | -14 257        |
| Provision for pensions                            | -194           | -196           |
| <b>Total net debt</b>                             | <b>-16 234</b> | <b>-11 082</b> |

1) The calculation of net debt was adjusted by: - -974  
since corresponding items have been included in other  
liabilities, which are not included in the calculation of net debt.

## CHANGES IN SHAREHOLDERS' EQUITY

*Acquisition value method*

| SEK m.                                    | 2002<br>12/31 | 2001<br>12/31 |
|---|---------------|---------------|
| Opening balance                           | 52 986        | 48 782        |
| Conversion of convertible debenture loans | -             | 75            |
| Dividend to shareholders                  | -4 219        | -4 218        |
| Hedging of employee stock option program  | -432          | -96           |
| Exchange rate difference                  | -600          | 287           |
| Net income for the period                 | 1 610         | 8 156         |
| Closing balance                           | 49 345        | 52 986        |

## INVESTOR GROUP

## CONSOLIDATED STATEMENT OF CASH FLOWS

| SEK m.   | 2002<br>1/1-12/31 | 2001<br>1/1-12/31 |
|--|-------------------|-------------------|
| <b>Cash flow from operating activities</b>   |                   |                   |
| Core Holdings  |                   |                   |
| Dividends received   | 1 739             | 2 351             |
| New Investments and Other Holdings   |                   |                   |
| Dividends received   | 217               | 246               |
| Active portfolio management, Other Operations and operating costs                              |                   |                   |
| Payments received  | 35 922            | 85 604            |
| Payments made  | -35 685           | -84 337           |
| <b>Cash flow from operating activities before net interest income/expense and income taxes</b> | <b>2 193</b>      | <b>3 864</b>      |
| Interest received/paid   | -712              | -570              |
| Income taxes paid  | -254              | -150              |
| <b>Cash flow from operating activities</b>   | <b>1 227</b>      | <b>3 144</b>      |
| <b>Cash flow from investing activities</b>   |                   |                   |
| Core Holdings  |                   |                   |
| Purchases  | -4 749            | -15 095           |
| Sales  | 2 995             | 13 556            |
| New Investments and Other Holdings   |                   |                   |
| Purchases, etc.  | -6 286            | -8 035            |
| Sales  | 5 782             | 9 716             |
| Investments in tangible fixed assets   | -54               | -54               |
| Sold tangible fixed assets   | 71                | 23                |
| <b>Cash flow from investing activities</b>   | <b>-2 241</b>     | <b>111</b>        |
| <b>Cash flow from financing activities</b>   |                   |                   |
| Long-term loans raised   | 8 488             | 199               |
| Long-term loans amortized  | -1 564            | -2 100            |
| Change in short-term financial liabilities, net  | 344               | 497               |
| Dividends paid   | -4 219            | -4 218            |
| <b>Cash flow from financing activities</b>   | <b>3 049</b>      | <b>-5 622</b>     |
| <b>Cash flow for the period</b>  | <b>2 035</b>      | <b>-2 367</b>     |
| <b>Liquid assets, opening balance</b>  | <b>3 371</b>      | <b>5 723</b>      |
| <b>Translation difference in liquid assets</b>   | <b>-45</b>        | <b>15</b>         |
| <b>Liquid assets, closing balance <sup>1)</sup></b>  | <b>5 361</b>      | <b>3 371</b>      |

1) Adjusted by:

since corresponding items have been included in other liabilities, which are not included in the calculation of net debt.

- -974

## APPENDIX 1 – INVESTOR'S PERFORMANCE BY SEGMENT

## Performance by segment 1/1-12/31 2002

| (SEK m.)                                       | Core Holdings  | New Investments | Other Holdings | Other Operations | Investor groupwide | Total          |
|--|----------------|-----------------|----------------|------------------|--------------------|----------------|
| Dividends                                      | 1 741          | 69              | 149            | 44               |                    | 2 003          |
| Realized result                                | 2 530          | 228             | -683           | 238              |                    | 2 313          |
| Write-downs                                    |                | -1 674          | 577            | 67               |                    | -1 030         |
| Other revenues and expenses                    |                |                 |                | 8                |                    | 8              |
| Operating costs                                | -152           | -302            | -8             | -111             | -51                | -624           |
| <b>Operating income</b>                        | <b>4 119</b>   | <b>-1 679</b>   | <b>35</b>      | <b>246</b>       | <b>-51</b>         | <b>2 670</b>   |
| Net financial items                            |                |                 |                |                  | -745               | -745           |
| Taxes and minority interest                    |                |                 |                |                  | -315               | -315           |
| <b>Income for the period</b>                   | <b>4 119</b>   | <b>-1 679</b>   | <b>35</b>      | <b>246</b>       | <b>-1 111</b>      | <b>1 610</b>   |
| Change in surplus value                        | -51 498        | -186            | -273           | 125              | 58                 | -51 774        |
| Other (currency, etc.)                         |                | -439            |                |                  | -593               | -1 032         |
| Dividends paid                                 |                |                 |                |                  | -4 219             | -4 219         |
| <b>Effect on the change in net asset value</b> | <b>-47 379</b> | <b>-2 304</b>   | <b>-238</b>    | <b>371</b>       | <b>-5 865</b>      | <b>-55 415</b> |

## Net asset value by segment 12/31 2002

|                              |               |               |              |              |                |               |
|------------------------------|---------------|---------------|--------------|--------------|----------------|---------------|
| Book value                   | 51 901        | 11 537        | 2 692        | 926          | -1 477         | 65 579        |
| Accumulated surplus value    | 11 403        | 1 323         | 244          | 554          |                | 13 524        |
| Net debt                     |               |               |              |              | -16 234        | -16 234       |
| <b>Total net asset value</b> | <b>63 304</b> | <b>12 860</b> | <b>2 936</b> | <b>1 480</b> | <b>-17 711</b> | <b>62 869</b> |

## Performance by segment 1/1-12/31 2001

| (SEK m.)                                       | Core Holdings  | New Investments | Other Holdings | Other Operations | Investor groupwide | Total          |
|--|----------------|-----------------|----------------|------------------|--------------------|----------------|
| Dividends                                      | 2 351          | 77              | 169            | 113              |                    | 2 710          |
| Realized result                                | 7 008          | 447             | -458           | 909              |                    | 7 906          |
| Write-downs                                    |                | -2 802          | 2 141          | -67              |                    | -728           |
| Other revenues and expenses                    |                |                 |                | 78               |                    | 78             |
| Operating costs                                | -193           | -336            | -8             | -119             | -84                | -740           |
| <b>Operating income</b>                        | <b>9 166</b>   | <b>-2 614</b>   | <b>1 844</b>   | <b>914</b>       | <b>-84</b>         | <b>9 226</b>   |
| Net financial items                            |                |                 |                |                  | -580               | -580           |
| Taxes and minority interest                    |                |                 |                |                  | -490               | -490           |
| <b>Income for the period</b>                   | <b>9 166</b>   | <b>-2 614</b>   | <b>1 844</b>   | <b>914</b>       | <b>-1 154</b>      | <b>8 156</b>   |
| Change in surplus value                        | -29 073        | -323            | -1 034         | 239              | -58                | -30 249        |
| Other (currency, etc.)                         |                | 204             |                |                  | -42                | 162            |
| Dividends paid                                 |                |                 |                |                  | -4 218             | -4 218         |
| <b>Effect on the change in net asset value</b> | <b>-19 907</b> | <b>-2 733</b>   | <b>810</b>     | <b>1 153</b>     | <b>-5 472</b>      | <b>-26 149</b> |

## Net asset value by segment 12/31 2001

|                              |                |               |              |              |                |                |
|------------------------------|----------------|---------------|--------------|--------------|----------------|----------------|
| Book value                   | 47 617         | 10 901        | 4 376        | 1 634        | -460           | 64 068         |
| Accumulated surplus value    | 62 901         | 1 509         | 517          | 429          | -58            | 65 298         |
| Net debt                     |                |               |              |              | -11 082        | -11 082        |
| <b>Total net asset value</b> | <b>110 518</b> | <b>12 410</b> | <b>4 893</b> | <b>2 063</b> | <b>-11 600</b> | <b>118 284</b> |

### **Annual General Meeting of Investor AB**

*Investor AB's Annual General Meeting will be held on Wednesday, April 23, 2003, at 3:00 p.m. at Stockholmsmässan (Stockholm International Fairs), Mässvägen 1, Älvsjö, Sweden.*

#### **Notification of participation can be made starting March 3, 2003**

To be entitled to participate in the business of the Meeting, shareholders  
*must* be recorded in the register of shareholders maintained by  
VPC AB (the Swedish Securities Register Center) on Friday, April 11, 2003, and  
*must* notify the Company of their intention to attend the Meeting no later than 1:00 p.m. on  
Tuesday, April 15, 2003, by writing to Investor AB, SE-103 32 Stockholm, Sweden, or  
by calling +46 8 611 29 10, or by registering on Investor's website [www.investorab.com](http://www.investorab.com).